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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 08/14/07

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, August 12 & 13

NIKKEI (Page 2) (Full)
August 14, 2007

Aug. 12

Spent all day at his private residence in Tomigaya.

Aug. 13

10:45

Met Chief Cabinet Secretary Shiozaki at the Kantei.

13:46

Met Special Advisor Yamatani. Followed by Defense Ministry Vice Minister Moriya and Defense intelligence Headquarters Chief Mukunoki.

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15:09

Met Cabinet Intelligence Director Mitani. Followed by former Bombay (now Mumbai) Consul General Muto.

16:11

Met Deputy Chief Cabinet Secretary Matoba. Later met Central Japan Railway Company Chairman Kasai, chairman of the committee on monitoring pension business and the Social Insurance Agency.

17:00

Met Lower House members Yoshitaka Sakurada, Taimei Yamaguchi, and Akihiro Nishimura. Later met Special Advisor Nakayama.

18:06

Met Defense Minister Koike.

18:49

Returned to his official residence.

4) US ambassador reveals plan to provide DPJ with classified information on Afghanistan in September to solicit flexibility on Antiterrorism Law

NIKKEI (Page 1) (Full)
August 14, 2007

In an interview with the Nikkei at his official residence in Tokyo yesterday, United States Ambassador to Japan Thomas Schieffer said that the US government would provide possibly in mid-September the Democratic Party of Japan (DPJ), in addition to the government and the ruling camp, with classified information related to Afghanistan. By explaining the activities by the Taliban, an anti-government organization that supported the terrorist attacks on the US in 2001, and other details, the US aims to solicit a softened stance from the DPJ on the issue of extending the Antiterrorism Special Measures Law, which is to expire Nov. 1.

On the time of information disclosure, Ambassador Schieffer said: "The US is making preparations to hold a meeting sometime in the second or third week in September to disclose its classified information to lawmakers of the Liberal Democratic Party (LDP), the DPJ and other political parties." The ambassador plans to return to Washington in early September, prior to the planned meeting with Japanese lawmakers, and to exchange views with President Bush and Secretary of State Rice to determine the US government's approach to

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the Japanese lawmakers.

In connection with the LDP's crushing defeat in the July House of Councillors election, the ambassador remarked: "(In the election campaign,) diplomatic issues were not taken up. Views calling for

(Self-Defense Force troops') withdrawal from Afghanistan and Iraq were not presented, either." He then indicated that the Koizumi and Abe administrations' policy of prioritizing relations with the US has not been rejected, saying: "More than 80% of the Japanese people support the Japan-US alliance, so I believe the alliance will also continue to be important in the future."

The DPJ, which has control of the Upper House, has expressed opposition to the extension of the Antiterrorism Law. Ambassador Schieffer earlier met Ozawa and asked for his cooperation on the issue, but Ozawa declined the ambassador's request.

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5) Anti-terrorism Special Measure Law: US Ambassador Schieffer in interview urges Ozawa to reconsider opposition, willing to meet him again

MAINICHI (Page 1) (Full)
August 14, 2007

Responding to an interview request from the Mainichi Shimbun yesterday, US Ambassador to Japan Schieffer referred to the bill to extend the Anti-Terrorism Special Measure Law, which expires on Nov. 1, saying, "It is extremely important not only for the United States but also for the international community as well." He strongly urged Democratic Party of Japan (DPJ or Minshuto) President Ichiro Ozawa to reconsider his opposition to the extension of the law. In addition, he announced that he was willing to meet again with Ozawa and other DPJ leaders in order to persuade that party, and he took a stance of requesting that the issue be resolved from a non-partisan basis.

The ambassador stressed that the oil-refueling operations being carried out in the Indian Ocean by the Maritime Self-Defense Force (MSDF) under the Anti-Terrorism Special Measures Law "are not just (Japan) raising the flag in the multinational force; these are truly meaningful operations." In the event that MSDF refueling is halted, "It is my understanding that the US does not have that capability; only Britain has. It would be up to the UK's decision."

In addition, he said that in case the extension of the anti-terror law failed to pass the Diet, "It would be seem to be an announcement by Japan that it is withdrawing from the war on terror, and it would send a terrible message not only to America but to the international community, as well."

Regarding Ozawa's stance of opposing the bill's extension as stated during their meeting on Aug. 8, the ambassador said: "Although he stated the position he had previously taken, it was not certain whether he was clearly rejecting (an extension)." He indicated that he was willing not only to meet again with Ozawa but also with Seiji Maehara, the previous president, and other DPJ leaders. "For the sake of extending the special measure law, we are willing to provide the needed information, including classified intelligence."

6) Prime minister to announce yen loans worth 400 billion yen to India during summit: Strengthening bilateral ties and checking China aimed at

SANKEI (Top Play) (Excerpts)
August 14, 2007

The Indian government is aiming at building a fast-speed freight train system, the first full-fledged type to be built in Asia. In this connection, the government yesterday decided to extend yen loans worth 400 billion yen to cover portions of the cost of the construction of the system totaling approximately 5 billion dollars or about 600 billion yen over a five-year period starting in 2008. The Japan International Cooperation Agency (JICA) is now conducting a field survey for the realization of the project. The governments of Japan and India are set to formally sign a contract as early as October. Prime Minister Abe will convey this policy of the Japanese government to the Indian side during the bilateral summit to be held on Aug. 22 during his stay in that nation.

The aim is to check China, which is increasing its influence in Asia on the strength of its rapid economic growth and military build-up, by putting efforts to strengthen ties with India into shape.

Following the survey by JICA, the government will extend the envisaged yen loans, based on the Special Terms for Economic Partnership (STEP) scheme, under which the Japan Bank for International Cooperation (JBIC) provides loans at a lower interest rate than that applied to regular yen loans, making it a condition that Japanese materials and equipment be used. Conditions for applying the STEP scheme are that major contractors be Japanese companies and more than 30% of the total contract amount be used for procurement of Japanese materials and equipment. The interest rate of loans provided under this scheme is lower than that applied to regular normal yen loans. The loan period is 40 years.

According to the governments of Japan and India, the planned railway system covers 2,800 kilometers connecting Delhi and Mumbai, the largest commercial city in India, and Kolkata, a major city in eastern India. The construction is expected to be completed in 2012. Freight transport in India is growing at an annual rate of 15 % , but transportation capacity is reportedly approaching the limit. The Indian government has asked the Japanese government for cooperation, noting that the consolidation and reinforcement of its railway system is absolutely necessary for the growth of the Indian economy.

The Japanese government is envisaging a plan to realize a train system that can operate trains at about 100 kilometers per hour, nearly three times faster than existing ones, through practical cooperation both on the hardware front, such as the introduction of the state-of-the-art cars, and on the software front, including the application of operation know-how.

7) Prime Minister Abe forgoes summer vacation, spends time preparing for overseas trip and extra Diet session

YOMIURI (Page 4) (Full)
August 14, 2007

Prime Minister Shinzo Abe was at his desk yesterday at the Prime Minister's Official Residence (Kantei) even during the mid-August O-Bon holiday break. A person close to Abe said that the prime minister planned not to take summer holidays. Abe appears to show his stance of making efforts for rebuilding his administration, forgoing a summer vacation in consideration of severe criticism from within and outside the party toward his decision to stay in office even after the LDP's defeat in the July House of Councillors election.

Besides Abe, Chief Cabinet Secretary Shiozaki, deputy chief cabinet secretaries Shimomura and Matoba, and Lower House member Takumi

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Nemoto -- the so-called "Team Abe" members -- also showed up at the Kantei. After meeting with Defense Minister Koike and LDP lawmakers, Abe responded to questions from reporters twice yesterday.

Abe is expected to attend a cabinet meeting and the annual Memorial Ceremony for the War Dead on Aug. 15, the anniversary of the end of World War II. He is now preparing for his trip to India and two other countries from Aug. 19 to 25, as well as for his policy speech for an extraordinary Diet session to be convened in September.

In particular, Abe appears to be spending most of his time at the Kantei for the selection of the new LDP executive and cabinet members, which he will carry out on Aug. 27.

During the May Golden Week holidays, Abe enjoyed playing golf at his villa in Yamanashi Prefecture for the first time since he assumed

office. He also decided last September at this villa on the lineups of the LDP executive and the cabinet. Some in the government say that the prime minister needs to rest. Some other government officials, however, are concerned about criticism from within the LDP and the public over Abe's decision to remain in office, with one aide to Abe saying, "Now is not good timing for the prime minister to enjoy his hobbies."

Past prime ministers have taken summer holidays in August. Prime ministers in the 1990s and later took several days to two weeks for their summer vacation. Prime ministers who gave up on taking summer holidays include Junichiro Koizumi, who dissolved the Lower House for a general election in 2005, and Keizo Obuchi, who formed a cabinet after the LDP suffered a defeat in the Upper House election in 1998. Obuchi spent most of his three-day holiday studying financial policy at the Kantei.

8) Aso to Jordanian foreign minister: "I am worried about split in Palestinian territories"

YOMIURI (Page 4) (Full)
August 14, 2007

Matsunaga, Amman

Foreign Minister Aso, currently visiting Jordan, met with Jordanian Foreign Minister Abdelelah Al-Khatib at the Foreign Ministry in Amman on the morning of Aug. 13, local time.

In reference to Hamas, an Islamic fundamentalist group, taking control of the Gaza Strip in the Palestinian territories, Aso said: "I am worried about the current division in the Palestinian territories." In response, Al-Khatib remarked: "The problem was caused by a coup d'etat by Hamas. It is crucial for the Palestinian National Authority government to restore its legitimacy."

9) Aso to take part in four-party talks in Palestinian territories tomorrow

NIKKEI (Page 2) (Full)
August 14, 2007

Manabu Shimada, Amman

Foreign Minister Taro Aso, now visiting the Middle East, announced in a press conference in Jordan on the morning of Aug. 13, local time, that Japan would hold a four-way cabinet-level meeting with Israel, the Palestinians, and Jordan in Jericho in the West Bank, where Aso will be arriving on Aug. 15, with the aim of promoting the peace process in the Middle East. Representatives will discuss how to implement the concept of creating a Corridor for Peace and Prosperity, a project put forward by Japan. The planned four-way meeting will be the second following a meeting in Tokyo in March.

Ahead of the press conference, Aso met his Jordanian counterpart Abdelelah Al-Khatib at the Jordanian Foreign Ministry and agreed

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with him to support the Palestinian Authority government led by Chairman Abbas.

10) Nikai being rumored as new chief cabinet secretary; Tanigaki likely to serve in new cabinet

SANKEI (Page 1) (Full)
August 14, 2007

There was a rumor yesterday that Liberal Democratic Party (LDP) Diet Affairs Committee Chairman Toshihiro Nikai would be named as chief cabinet secretary, a pivotal post in the cabinet, replacing Yasuhisa Shiozaki, when Prime Minister Shinzo Abe reshuffles his cabinet slated for Aug. 27. Since Nikai has communication channels to the opposition camp, he is regarded as a suitable person to serve in the post in order for the Prime Minister's Official Residence (Kantei) influencing on Diet management under the present Diet situation, in which the opposition camp controls the House of Councillors. Chances

are that Abe will ask former Finance Minister Sadakazu Tanigaki to serve in a cabinet post. Abe intends to forgo asking former Chief Cabinet Secretary Yasuo Fukuda to enter his new cabinet. Fukuda appears ready to decline an offer.

Since Nikai is a former aide to Ichiro Ozawa, president of Minshuto (Democratic Party of Japan), he is one of the few persons who knows how Ozawa will play his cards in the fall extraordinary Diet session, in which the question of whether to extend the anti-terrorism special measures law will become a focus of attention. Soon after the LDP suffered a crushing defeat in the July Upper House race, Nikai expressed his support for Abe's decision to stay in office. It seems that Abe highly values Nikai's act. In consideration of former Prime Minister Yoshiro Mori's proposal for a unanimous party arrangement, Abe will likely ask Tanigaki, who also ran in last year's LDP presidential race, to join his cabinet.

11) Commotion over position of vice defense minister; Chief cabinet secretary says next minister to decide; FM Koike threatens to

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resign

YOMIURI (Page 2) (Full)
August 14, 2007

Yesterday, the Japanese government decided to wait on a decision about the post of vice defense minister until after the reorganization of the cabinet on August 27. Chief Cabinet Secretary Shiozaki met with Foreign Minister Koike and informed her of the government's decision saying: "The person who is selected as the foreign minister in the new cabinet lineup will decide on the next vice defense minister." Koike is strongly protesting this pronouncement. She told Shiozaki that she will take it as her responsibility to get Tetsuya Nishikawa (60), director-general of the defense minister's secretariat, appointed. She also suggested that she will consider resigning as foreign minister.

Koike had decided to retire Vice Defense Minister Takemasa Moriya (62) in September and replace him with Nishikawa, who formerly worked at the National Police Agency. Moriya, who holds the real power in the defense ministry, has been in his post for an unusually long period of over four years. Koike has said: "I must think of the rejuvenation of the organization."

However, Koike did not consult Moriya about her plans regarding the

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post of vice defense minister, nor were preparations made for a cabinet meeting to discuss new personnel. These cabinet meetings are usually held when deciding on new top officials for each ministry, and they are a place where chief and deputy secretaries can take a look at candidates before the final decision is made.

According to a government source, four chief and deputy cabinet secretaries, including Shiozaki, met unofficially regarding this

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issue on August 7, while Koike was visiting the US. They agreed first that they would not accept personnel decisions that had not gone under review in an official cabinet meeting, and second that the person who will be foreign minister after the cabinet reorganization will decide on the post. Last night, Prime Minister Abe told reporters that "the personnel issue has not yet been decided. The Chief Cabinet Secretary will hold a cabinet meeting to discuss personnel matters." It appears that for the time being, he is taking a wait-and-see attitude towards the situation.

Meanwhile, Moriya, who heard about his retirement in a shocking manner, is making moves behind the scenes, reaching out to those in the office of the prime minister in attempts to affect the choice of his successor. Moriya has in mind Shinshiro Yamazaki (60), head of the defense facilities administration bureau who previously belonged to the former Defense Agency.

Defense strategies in recent years have grown complicated as the

Japan-US alliance has grown stronger. Moriya wants to leave matters in the hands of someone who has experience with defense policy rather than someone from a different agency or ministry. As for Moriya's post-retirement plans, he rejected Koike's offer that he become "Defense Ministry special advisor" in charge of Okinawan affairs.

This is not the first time that there has been a battle over the post of vice minister. In January 2002, then Foreign Minister Makiko Tanaka asserted that she wanted to replace then Vice Foreign Minister Yoshiji Nogami. Then Prime Minister Junichiro Koizumi ended up sacking both Tanaka and Nogami.

12) Government plans technical development to halve CO2 emissions: 1 trillion yen budget covering 10 years eyed

YOMIURI (Page 2) (Full)
August 14, 2007

The government yesterday decided to work out a plan for technical development to halve greenhouse gas emissions by 2050. It will undertake coordination with the possibility of investing up to 1 trillion yen over a decade. The idea is to compile a technical plan jointly with the US and Europe based on this plan and to propose it at the Hokkaido Lake Toya Summit to be held next summer.

New technologies to be incorporated in the plan include a totally new iron-making technology that will cut CO2 emissions by removing oxygen from iron ore with the use of hydrogen instead of coke; a solar battery technology that boosts power-generation efficiency three to four times over the present level and reduces the cost to a level equivalent to thermal power generation; and the development of smaller nuclear reactors, demand for which is growing in developing countries.

The government is now coordinating views with the possibility of

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injecting approximately 60 billion yen in the fiscal 2008 budget.

It wants to enhance the efficiency of the development project through an international labor-division system under which industrialized countries contribute with a field of specialization. It will first propose to the US setting up a framework for international talks and urge various European countries to take part.

The likelihood is that the government will present a basic initiative for this international framework at a meeting of the Conference of the Parties to the Climate Change Convention (COP) to be held in Bali, Indonesia in December.

Prime Minister Abe proposed the initiative to halve greenhouse gas emissions by 2050 at the Heiligendamm Summit in June. Following his proposal, summit participants agreed to seriously consider cutting greenhouse gas emissions at least by 50% by 2050.

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